

WEST JEFFERSON SERVICE CORPORATION
FINANCIAL STATEMENTS
December 31, 2006 and 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6-6-07

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REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors West Jefferson Service Corporation

We have audited the accompanying basic financial statements of West Jefferson Service Corporation (the "Service Corporation") as of and for the years ended December 31, 2006 and 2005, as listed in the table of contents. These financial statements are the responsibility of the Service Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements as of and for the years ended December 31, 2006 and 2005, of the Service Corporation's 50% joint venture investments in West Jefferson MRI, LLC and West Jefferson Surgery Center, LLC, which combined represents 69% and 73% of investments in joint ventures for 2006 and 2005, respectively, and 85% and 88% of earnings from joint ventures investments for 2006 and 2005, respectively. Those financial statements were audited by other auditors whose reports thereon were furnished to us and our opinion, insofar as it relates to the amounts included for the investment in West Jefferson MRI, LLC and West Jefferson Surgery Center, LLC, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the statements applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the basic financial statements of the Service Corporation as of December 31, 2006 and 2005 and the respective changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2007, on our consideration of the Service Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The Management's Discussion and Analysis on pages 3 to 5 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Rebowe & Company

May 9, 2007

**WEST JEFFERSON SERVICE CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2006 and 2005**

The Management's Discussion and Analysis ("MD&A") offers the readers of the West Jefferson Service Corporation's ("Service Corporation") financial statements this narrative overview and analysis of the financial activities of the Service Corporation for the years ended December 31, 2006 and 2005. The information presented here should be considered in conjunction with the accompanying financial statements and the notes to the financial statements.

DISCUSSION OF THE BASIC FINANCIAL STATEMENTS

The basic financial statements in this report are presented using Governmental Accounting Standards Board ("GASB") accounting principles. These financial statements offer short-term and long-term financial information about the Service Corporation's activities.

The Statements of Net Assets include all of the Service Corporation's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing rate of return, and assessing the liquidity and financial flexibility of the Service Corporation.

The current year's revenues and expenses are accounted for in the Statements of Revenues, Expenses, and Changes in Fund Net Assets. This statement measures changes in the Service Corporation's operations over the current and prior year, and can be used to determine whether the Service Corporation has been able to recover its costs through its revenue sources.

The final required financial statement is the Statements of Cash Flows. The primary purpose of this statement is to provide information about the Service Corporation's cash from operating, investing, and financing activities, and to provide answers to such questions as where did cash come from, what it was used for, and what the change in cash balance was during the year.

OVERVIEW

The Service Corporation has been organized as a nonprofit corporation established to operate exclusively for the support and benefit of West Jefferson Medical Center ("Medical Center"); carry out the goals, objectives, and purposes of the Medical Center; and develop and facilitate various health service activities, including joint venture activities, for the benefit of the Medical Center, as authorized by Louisiana Statutes and Federal Regulations.

In August 2005, Hurricane Katrina came ashore in South Louisiana. Although Hurricane Katrina did disrupt the Service Corporation's operations, due primarily to the evacuation of staff, power outages, and disruptions in mail service, none of the Service Corporation's assets were impaired by the effects of the hurricane. The effects of Hurricane Katrina did have an impact on West Jefferson MRI LLC, West Jefferson Surgery Center LLC, and West Jefferson CT Scan LLC ("Joint Ventures"), of which the Service Corporation is a 50% partner in each company. The Joint Ventures experienced decreases in operations during September and October 2005, primarily due to the evacuation of their patients. As of December 2005, the daily operations of each Joint Venture was equal-to or above their pre-Hurricane Katrina operating levels. In

WEST JEFFERSON SERVICE CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2006 and 2005

addition, each Joint Venture received compensation for the disruption of service under their business interruption insurance policies.

STATEMENTS OF NET ASSETS

Total Assets

During the year ending December 31, 2006, total assets increased by \$2,770,812. This was due primarily to increases in cash and cash equivalents as a result of no donations to the Medical Center in 2006, an increase in joint venture receipts, and cash received on the sale of an asset.

Liabilities

The Service Corporation has remained debt free, other than normal accounts payable. All other assets and liabilities remain consistent with the prior year.

Net Assets

Funds invested in capital assets decreased by \$5,949 for 2006, as compared to the prior year. This was due to 2006 depreciation expense in the amount of \$5,949. Unrestricted net assets increased by \$2,763,476.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Operating Revenues

The Service Corporation generates most of its operating revenues from its investments in four related limited liability companies, West Jefferson MRI, LLC, West Jefferson Surgery Center, LLC, West Jefferson CT Scan, LLC, and West Jefferson Radiosurgery, LLC. The Service Corporation's earnings from joint venture investments increased by \$323,410 for 2006 as compared to 2005. In 2006, the joint ventures resumed full operations and experienced increased revenues after disruption of services in 2005 as a result of Hurricane Katrina. For further discussion, see note 5 in the accompanying notes to the financial statements.

In addition, the Service Corporation generates revenues from charges for services performed on behalf of physician groups, and from leasing equipment and rental income. Charges for services and other related operating revenues decreased \$241,153 for 2006 as compared to 2005. The decrease is primarily due to a reduction in revenue from leased equipment as the Service Corporation sold the equipment in August 2006.

Operating Expenses

The Service Corporation's operating expenses decreased in 2006 to \$801,663 from \$1,051,714 in 2005 or by \$250,051. This was primarily due to a decrease of \$123,339 in depreciation expense for 2006 related to several pieces of equipment that became fully depreciated during 2005. Also, included in the reduction of operating expenses was a decrease of \$144,577 consisting primarily of reductions in repairs and maintenance expense, consulting expenses and community and public relations expenses.

WEST JEFFERSON SERVICE CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2006 and 2005

Non-Operating Revenues and Expenses

The Service Corporation generates most of its non-operating expenses from donations to the Medical Center. In 2005 and prior years, the donations were used to fund healthcare provided to indigent patients by the Medical Center. During 2005, the Service Corporation revised its policy for donations to the Medical Center for indigent care to a policy which allows the Medical Center to use the donations for the various programs which benefit the surrounding community as well as for indigent care. In 2006, the Service Corporation did not make a donation to the Medical Center, as compared to \$1,500,000 of cash donations in 2005.

Other non-operating revenues in 2006 were the gain on sale of an MRI scanner for \$175,000.

WEST JEFFERSON SERVICE CORPORATION
STATEMENTS OF NET ASSETS
December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 6,656,995	\$ 3,914,465
Accounts receivable	79,807	95,605
Due from West Jefferson Medical Center, net	32,885	-
Prepaid expenses	<u>82,500</u>	<u>98,191</u>
Total current assets	<u>6,852,187</u>	<u>4,108,261</u>
Noncurrent assets		
Investments, at fair value	2,129,180	2,037,000
Property, plant and equipment, net	3,055	9,004
Investments in joint ventures	<u>1,806,099</u>	<u>1,865,444</u>
Total noncurrent assets	<u>3,938,334</u>	<u>3,911,448</u>
TOTAL ASSETS	<u>10,790,521</u>	<u>8,019,709</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	51,446	28,841
Due to West Jefferson Medical Center, net	<u>-</u>	<u>9,320</u>
TOTAL LIABILITIES	<u>51,446</u>	<u>38,161</u>
Commitments and contingencies	-	-
NET ASSETS		
Invested in capital assets	3,055	9,004
Unrestricted	<u>10,736,020</u>	<u>7,972,544</u>
TOTAL NET ASSETS	<u>\$ 10,739,075</u>	<u>\$ 7,981,548</u>

The notes to the financial statements are an integral part of this statement.

WEST JEFFERSON SERVICE CORPORATION
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
For the Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
OPERATING REVENUES:		
Earnings from joint venture investments	\$ 2,499,805	\$ 2,176,395
Charges for services	352,363	370,145
Lease and rental income	<u>366,710</u>	<u>590,081</u>
Total operating revenues	<u>3,218,878</u>	<u>3,136,621</u>
OPERATING EXPENSES:		
Personnel costs	262,200	262,200
Maintenance, operations, and contractual services	532,786	660,140
Materials and supplies	728	86
Depreciation	<u>5,949</u>	<u>129,288</u>
Total operating expenses	<u>801,663</u>	<u>1,051,714</u>
Operating income	<u>2,417,215</u>	<u>2,084,907</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest income	165,312	103,195
Gain on sale of asset	175,000	-
Donation to West Jefferson Medical Center	<u>-</u>	<u>(1,500,000)</u>
Total non-operating revenues (expenses)	<u>340,312</u>	<u>(1,396,805)</u>
Change in net assets	2,757,527	688,102
NET ASSETS - beginning	<u>7,981,548</u>	<u>7,293,446</u>
NET ASSETS - ending	<u><u>\$ 10,739,075</u></u>	<u><u>\$ 7,981,548</u></u>

The notes to the financial statements are an integral part of this statement.

WEST JEFFERSON SERVICE CORPORATION
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from joint ventures	\$ 2,595,150	\$ 2,202,674
Receipts from customers	763,010	817,979
Payments for operational expenses	(571,562)	(499,518)
Payments for personnel cost	<u>(256,200)</u>	<u>(223,937)</u>
Net cash provided by operating activities	<u>2,530,398</u>	<u>2,297,198</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Sale of asset	175,000	-
Donation to West Jefferson Medical Center	<u>-</u>	<u>(1,500,000)</u>
Net cash provided by (used by) capital and related financing activities	<u>175,000</u>	<u>(1,500,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Redemption of investments	4,036,521	3,972,583
Purchase of investments	(4,116,700)	(3,971,422)
Investments in joint ventures	(36,000)	(50,000)
Receipt of interest income	<u>153,311</u>	<u>65,720</u>
Net cash provided by investing activities	<u>37,132</u>	<u>16,881</u>
Net increase in cash and cash equivalents	2,742,530	814,079
Cash and cash equivalents - beginning	<u>3,914,465</u>	<u>3,100,386</u>
Cash and cash equivalents - ending	<u><u>\$ 6,656,995</u></u>	<u><u>\$ 3,914,465</u></u>

(Continued)

WEST JEFFERSON SERVICE CORPORATION
STATEMENTS OF CASH FLOWS (CONTINUED)
For the Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 2,417,215	\$ 2,084,907
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	5,949	129,288
(Increase) decrease in current assets:		
Accounts receivable	33,021	(41,243)
Due from West Jefferson Medical Center	(32,885)	4,783
Due from West Jefferson Radiosurgery, LLC	-	50,000
Prepaid expenses	15,691	14,309
Increase (decrease) in current liabilities:		
Accounts payable and accrued expenses	22,605	(15,597)
Due to West Jefferson Medical Center	(9,320)	9,320
Net reconciling items from joint ventures	<u>78,122</u>	<u>61,431</u>
Net cash provided by operating activities	<u>\$ 2,530,398</u>	<u>\$ 2,297,198</u>

The notes to the financial statements are an integral part of this statement.

WEST JEFFERSON SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006 and 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

West Jefferson Service Corporation (the "Service Corporation") operates under the jurisdiction of the Parish Council of Jefferson Parish. The Service Corporation is under the management of a Board of Directors appointed by the Board of Directors of West Jefferson Medical Center, (the "Medical Center") and its primary purpose is to support the activities of the Medical Center.

The Service Corporation is the leasing agent for various medical office buildings owned by the Medical Center.

The Service Corporation is exempt from Federal and State income taxes.

The Service Corporation's financial statements are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America and also provides certain disclosures required by the Governmental Accounting Standards Board.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual result could differ from those estimates.

Significant accounting policies followed by the Service Corporation in its financial statements are summarized below.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

Accounts Receivable

Accounts receivable represent amounts invoiced for telephone and billing services provided to physicians groups. No allowance for uncollectible accounts has been established as management considers all accounts receivable to be collectible.

Investments

The Service Corporation reports in accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" and accordingly, investments are carried at fair value in the statement of net assets and all investment income, including changes in the fair value of investments is recognized in the statement of revenues and expenses and changes in net assets.

WEST JEFFERSON SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
December 31, 2006 and 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant and Equipment

Property, plant and equipment is stated at acquisition cost, net of accumulated depreciation, calculated on the straight-line basis over estimated useful lives ranging from 3-25 years.

Lease and Rental Income

Lease and rental income include fees earned as a commission and rental fees on leased buildings and imaging equipment.

Earnings From Joint Venture Investments

Earnings from joint venture investments represent the Service Corporation's share of earnings and distributions received from medical related joint ventures, which are accounted for using the equity method of accounting.

NOTE 2 - TRANSACTIONS WITH AFFILIATES

The Service Corporation purchases services from the Medical Center, including certain ancillary services, occupancy, personnel costs and equipment rentals. Billings for these services provided by the Medical Center were \$590,300 and \$573,222 in 2006 and 2005, respectively, of which \$176,647 and \$244,141 is payable to the Medical Center as of December 31, 2006 and 2005, respectively. The Medical Center also paid the Service Corporation fees of \$184,519 and \$177,766 in 2006 and 2005, respectively, for managing its professional office buildings. At December 31, 2006 and 2005, the Service Corporation had accounts receivable due from the Medical Center of \$206,682 and \$234,821, respectively.

Effective January 1, 2000, the Medical Center entered into a lease with the Service Corporation to lease imaging equipment. For the years ending December 31, 2006 and 2005, the amount paid to the Service Corporation related to this lease was \$161,000 and \$386,400, respectively. The lease payments concluded in August 2006. The equipment was sold which resulted in a gain of \$175,000.

During 2005, the indigent care policy was replaced with a new policy where the Service Corporation donates funds to the Medical Center for various activities that benefit the Medical Center and the surrounding community. For the year ending December 31, 2006, the Service Corporation did not donate funds to the Medical Center. For the year ending December 31, 2005, the Service Corporation donated \$1,500,000 to the Medical Center for indigent care.

WEST JEFFERSON SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
December 31, 2006 and 2005

NOTE 2 - TRANSACTIONS WITH AFFILIATES (CONTINUED)

For the years ended December 31, 2006 and 2005, the Service Corporation performed accounting services for the West Jefferson Surgery Center, LLC in the amount of \$800 for each year.

NOTE 3 - DEPOSITS AND INVESTMENTS

As of December 31, 2006, the Service Corporation had the following investments, excluding its investments in joint ventures detailed in Note 5:

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Federal National Mortgage Association Bonds	01/17/2007	<u>\$2,129,180</u>

As of December 31, 2005, the Service Corporation had the following investments, excluding its investments in joint ventures detailed in Note 5:

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Federal National Mortgage Association Bonds	01/27/2006	<u>\$2,037,000</u>

Interest Rate Risk

The Service Corporation does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State statutes authorize the Service Corporation to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; commercial paper rated AAA 1, 2, or 3; repurchase agreements; and the Louisiana Asset Management Pool (LAMP). The Service Corporation has no investment policy that would further limit its investment choices. As of December 31, 2006 and 2005, the Service Corporation's investment in Federal National Mortgage Association bonds were rated Aaa by Moody's Investors Service and AAA by Standard & Poor's and Fitch Ratings.

Concentration of Credit Risk

The Service Corporation places no limit on the amount they may invest in any one issuer. More than 5 percent of the Service Corporation's investments are in Federal National Mortgage Association Bonds for the years ended December 31, 2006 and 2005. This investment is 100% of the Service Corporation's investments, excluding its investments in joint ventures.

WEST JEFFERSON SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
December 31, 2006 and 2005

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Service Corporation's deposits may not be returned. The Service Corporation does not have a deposit policy for custodial credit risk. As of December 31, 2006, \$6,456,995 of the Service Corporation's bank balances of \$6,656,995 was exposed to custodial credit risks as they were uninsured and uncollateralized. As of December 31, 2005, \$3,814,465 of the Service Corporation's bank balances of \$3,914,465 was exposed to custodial credit risks as they were uninsured and uncollateralized.

NOTE 4 - PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment at December 31, 2006 and 2005 consist of:

	<u>2006</u>	<u>2005</u>
MRI equipment	\$ -	\$ 1,586,298
Movable and other equipment	<u>721,499</u>	<u>721,499</u>
Total property and equipment	721,499	2,307,797
Less: accumulated depreciation and amortization	<u>(718,444)</u>	<u>(2,298,793)</u>
Property and equipment, net	<u>\$ 3,055</u>	<u>\$ 9,004</u>

MRI equipment totaling \$1,586,298 was sold in August 2006 for \$175,000.

Depreciation expense was \$5,949 and \$129,288 for the years ending December 31, 2006 and 2005, respectively.

NOTE 5 - INVESTMENTS IN JOINT VENTURES

Currently, the Service Corporation is a member of four limited liability companies, West Jefferson MRI, LLC ("MRI"), West Jefferson Surgery Center, LLC ("Surgery Center"), West Jefferson CT Scan, LLC ("CT Scan"), and West Jefferson Radiosurgery, LLC ("Radiosurgery").

MRI was organized on January 23, 2001 in the State of Louisiana for the purpose of operating a free-standing magnetic resonance imaging (MRI) center in Marrero, Louisiana. Surgery Center was organized on May 26, 2000 in the State of Louisiana for the purpose of operating a free-standing ambulatory surgical care center. CT Scan was organized on September 12, 2003 in the State of Louisiana for the purpose of operating a diagnostic center offering Computerized Axial Tomography (CT) scanning. Radiosurgery was organized on December 22, 2004 in the State of Louisiana for the purpose of operating a stereotactic radiosurgery center.

WEST JEFFERSON SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
December 31, 2006 and 2005

NOTE 5 - INVESTMENTS IN JOINT VENTURES (CONTINUED)

The Service Corporation has a 50% interest in MRI, Surgery Center, and CT Scan and accounts for its 50% interest using the equity method of accounting. The Service Corporation has a 30% interest in Radiosurgery and accounts for its 30% interest using the equity method of accounting.

The following information is a summary of the financial statements and operations of MRI, the Surgery Center, CT Scan and Radiosurgery:

West Jefferson MRI, LLC

	<u>2006</u>	<u>2005</u>
Current Assets	\$ 1,918,261	\$ 1,239,900
Property and Equipment, Net	<u>1,890,795</u>	<u>12,365</u>
Total Assets	<u>3,809,056</u>	<u>1,252,265</u>
Current Liabilities	1,113,285	313,304
Long-Term Debt	<u>1,495,996</u>	<u>-</u>
Total Liabilities	<u>2,609,281</u>	<u>313,304</u>
Equity	<u>\$ 1,199,775</u>	<u>\$ 938,961</u>
Operating Revenue	\$ 5,703,413	\$ 4,377,264
Net Income	\$ 2,440,814	\$ 2,097,491
Distributions to members	<u>\$ 2,180,000</u>	<u>\$ 1,885,000</u>

WEST JEFFERSON SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
December 31, 2006 and 2005

NOTE 5 - INVESTMENTS IN JOINT VENTURES (CONTINUED)

West Jefferson Surgery Center, LLC

	<u>2006</u>	<u>2005</u>
Current Assets	\$ 1,767,127	\$ 2,035,049
Property and Equipment, Net	<u>637,556</u>	<u>746,267</u>
Total Assets	<u>\$ 2,404,683</u>	<u>\$ 2,781,316</u>
Current Liabilities	542,470	444,387
Long-Term Debt	<u>583,357</u>	<u>564,853</u>
Total Liabilities	<u>1,125,827</u>	<u>1,009,240</u>
Equity	<u>\$ 1,278,856</u>	<u>\$ 1,772,076</u>
Operating Revenue	\$ 6,965,556	\$ 6,646,228
Net Income	<u>\$ 1,786,444</u>	<u>\$ 1,734,238</u>
Distributions to members	<u>\$ 2,279,664</u>	<u>\$ 1,694,630</u>

West Jefferson CT Scan, LLC

	<u>2006</u>	<u>2005</u>
Current Assets	\$ 1,063,365	\$ 933,014
Property and Equipment, Net	<u>578,076</u>	<u>764,001</u>
Total Assets	<u>1,641,441</u>	<u>1,697,015</u>
Current Liabilities	272,608	265,039
Long-term Liabilities	<u>464,895</u>	<u>659,408</u>
Total Liabilities	<u>737,503</u>	<u>924,447</u>
Equity	<u>\$ 903,938</u>	<u>\$ 772,568</u>
Operating Revenue	\$ 2,328,544	\$ 1,784,821
Net Income	<u>\$ 681,870</u>	<u>\$ 521,062</u>
Distributions to members	<u>\$ 550,500</u>	<u>\$ 825,000</u>

WEST JEFFERSON SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
December 31, 2006 and 2005

NOTE 5 - INVESTMENTS IN JOINT VENTURES (CONTINUED)

West Jefferson Radiosurgery, LLC

	<u>2006</u>	<u>2005</u>
Current Assets	\$ 416,571	\$ -
Property and Equipment, Net	<u>-</u>	<u>-</u>
Total Assets	<u>416,571</u>	<u>-</u>
Current Liabilities	119,910	-
Long-term Liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>119,910</u>	<u>-</u>
Equity	<u>\$ 296,660</u>	<u>\$ -</u>
Operating Revenue	<u>\$ 871,250</u>	<u>\$ -</u>
Net Income	<u>\$ 283,743</u>	<u>\$ -</u>
Distributions to members	<u>\$ 313,751</u>	<u>\$ -</u>

NOTE 6 - RELATED PARTY LEASES

The Service Corporation leased office space in 2005 from the Medical Center for \$346 per month under an operating lease which began January 1, 2005 and was terminated on December 31, 2005. The total rent expense for this operating lease was \$4,146 for the year ended December 31, 2005.

The Service Corporation leased office space in 2006 from the Medical Center for \$6 per month under an operating lease which began January 1, 2006 and expires on December 31, 2008. The total rent expense for this operating lease was \$72 for the year ended December 31, 2006.

The following is a schedule by year of future minimum rental payments required under the operating lease:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2007	\$ 72
2008	<u>72</u>
	<u>\$ 144</u>

WEST JEFFERSON SERVICE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
December 31, 2006 and 2005

NOTE 7 - COMMITMENTS AND CONTINGENCIES

On August 4, 2006, the Service Corporation issued an Irrevocable Standby Letter of Credit to the State of Louisiana Patients Compensation Fund. The Letter of Credit, which expires August 4, 2007, was issued to support the Practice Protection Fund, a medical malpractice fund. This fund is a self-insurance fund for its participants, which includes West Jefferson Medical Center Emergency Room Physicians. The letter of credit is required until the fund is financially able to support its own Letter of Credit.

The Service Corporation has also committed to relocating an adjacent street, known as Avenue "B". This project moves Avenue "B" further away from West Jefferson Medical Center allowing for the expansion of its facilities and additional parking.

NOTE 8 - HURRICANE KATRINA

In August 2005, Hurricane Katrina came ashore in South Louisiana. Although Hurricane Katrina did disrupt the Service Corporation's operations, due primarily to the evacuation of staff, power outages, and disruptions in mail service, none of the Service Corporation assets were impaired by the effects of the hurricane. The effects of Hurricane Katrina did have an impact on West Jefferson MRI, LLC, West Jefferson Surgery Center, LLC, and West Jefferson CT Scan, LLC (Joint Ventures), of which the Service Corporation is a 50% partner in each company. The Joint Venture experienced decreased in operations during September and October 2005, primarily due to the evacuation of their patients. As of December 2005, the daily operations of each Joint Venture was equal-to or above their pre-Hurricane Katrina operating levels. In addition, each Joint Venture received compensation for the disruption of service under their business interruption insurance policies.

NOTE 9 - RECLASSIFICATIONS

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
West Jefferson Service Corporation

We have audited the financial statements of West Jefferson Service Corporation (the "Service Corporation"), a component unit of a political subdivision of Jefferson Parish, Louisiana, as of and for the year ended December 31, 2006, which collectively comprise the Service Corporation's basic financial statements and have issued our report thereon dated May 9, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Service Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Service Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors of the Service Corporation, the Service Corporation's management, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Reboue & Company

May 9, 2007

WEST JEFFERSON SERVICE CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2006

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the West Jefferson Service Corporation.
2. No reportable conditions in internal control over financial reporting are reported in the *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the West Jefferson Service Corporation, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. A management letter was not issued for the year ended December 31, 2006.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statements for year ended December 31, 2006.

WEST JEFFERSON SERVICE CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2006

FINDINGS - FINANCIAL STATEMENT AUDIT

There were no findings related to financial statements for the year ended December 31, 2005.

MANAGEMENT LETTER

A management letter was not issued for the year ended December 31, 2005.

**WEST JEFFERSON SERVICE CORPORATION
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2006**

There were no findings for the year ended December 31, 2006; therefore, a corrective action plan is not required.